



American Short Line and Regional Railroad Association

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Chuck Baker, President of the American Short Line and Regional Railroad Association ("ASLRRRA"), offers the following comments on the California Air Resources Board's Proposed In-Use Locomotive Regulation

Good morning, my name is Chuck Baker. As President of the American Short Line and Regional Railroad Association, I am here to speak to the alarming impact of this proposed rule on a critical part of the nation's and California's freight rail system – the 27 small business short line railroads that serve hundreds of crucial agricultural, industrial, and manufacturing businesses in California.

In my 18 years of representing short lines, this is the first time I have ever felt compelled to fly to a state Capitol to testify on a proposed regulation. In fact, in the 107 year history of our association, this is the first time an ASLRRRA President has ever needed to do this.

It's a long flight, but this rule is a huge deal to short lines in California – we believe that if it is enacted without an exemption for short lines, the rule would threaten the very viability of short lines in California. We instead urge you to exempt these small businesses that are already taking aggressive action at significant private cost to lower their emissions, and that also provide significant other public benefits to California by keeping tens of thousands of heavy trucks off of California's roads.

Short lines provide first-and-last mile service to rail shippers and receivers, typically in small towns and rural areas. These lines are basically the old unprofitable branch lines of the larger Class I railroads, and short lines largely came into existence to save these lines from abandonment, mainly after the industry was partially deregulated in 1980 by Jimmy Carter. The lines typically came with a huge amount of deferred maintenance and only a few customers, on the edge of viability.

In the decades since, short lines have reinvested a huge percentage of their revenue back into their infrastructure, scraped and clawed for new customers, built tremendous relationships with their local communities and shippers, and developed a reputation for providing customized, high-touch, flexible and responsive service. They allow their customers to stay connected to the national freight rail network and maintain their competitiveness in the domestic and global marketplaces. They've managed to keep and grow these lines to the benefit of California and the whole country, but they still have razor-thin profit margins and the service they provide is highly competitive with trucking, given their short hauls. The story of short line railroads is widely considered a rousing public policy success.

As responsible members of the communities they serve, short lines are committed to lowering their environmental impact, and are actively pursuing a wide variety of ways to do that. In addition to upgrading locomotives to higher Tier levels when they can afford it, short lines are exploring hydrogen and battery-electric powered locomotives as government funded pilot projects, installing fuel optimization software and anti-idling technology, testing biodiesel and renewable diesel fuels, and exploring various fuel additives to lower emissions.

We do this with our own funds to the extent possible and also work through competitive federal and state programs like CRISI, DERA, and the Carl Moyer program.

As the association level, we were recently awarded a small grant from the FRA to test the results of retrofitting locomotives using a variety of practically available methods. The results of this research will be provided to the industry to encourage rapid adoption of technologies around the country – including here in California.

We are committed to environmental sustainability and in fact share many of CARB's goals. We are just extremely concerned that this rule is too draconian and would lead to the elimination of many short lines in California. The rule itself states that, *"Class III locomotive operators in California may face significant compliance costs. If these businesses are unable to pass on the costs of the Proposed Regulation to customers, it is possible some of these businesses would be eliminated."*

I can tell you unequivocally that short lines would **not** in fact be able to pass on this level of costs to our customers and that some of them **would** in fact be eliminated.

This proposal simply can not be enacted by most short lines – the technology is not available at scale yet and between the forced spending account and the ban on locomotives older than 23 years old, it is far too expensive for short lines to implement. And unfortunately the hardship delays and alternative compliance regimes contemplated in the rule are not realistic solutions for short lines.

Even if it were possible to comply with the rule, it would be forcing us to divert very finite resources away from other investments that have more significant benefits for California, such as our basic track infrastructure and additional employees.

Nationally, short line freight railroads are typically viewed as a **solution** to environmental challenges.

As aptly stated by Caltrans in its "Short Line Rail Improvement Plan", which is being integrated into Caltrans' 2022 California State Rail Plan, *"while environmental stewardship and sustainability is justifiably a top priority for the state of California, it is essential to ensure that short line railroads have access to the resources needed to not only survive but to be an active partner in reducing the emissions of the larger transportation sector as a whole."*

If some short lines were eliminated, it would result in higher greenhouse gas emissions nationally, and also a variety of other problems here in California. Shippers would either need to move their freight by truck instead of rail or pack up and abandon California. If the freight moves by truck instead of rail, that will result in more fatalities and injuries on the road – rail is 3-20x safer than truck depending on how you count it. It will also add congestion to the already famously congested California roads, increase the burden on the California taxpayer to pay for the road damage of those heavy trucks, and increase the amount of micro plastics in the environment and water supply as it would increase the number of heavy truck tires shredding rubber on the roads.

The better option would be to entirely exempt short lines from this proposal and then partner with us to help accelerate our efforts mentioned earlier to get cleaner and greener, like CARB and the South Coast Air District have done in the past with the Pacific Harbor Line. We're already "full steam ahead" on our own, but would welcome the help. For instance, the national DERA and CRISI programs are both helpful to our efforts, and California's Carl Moyer program is also excellent. Let's double down on what's working and continue to make progress together.

Thank you for your time.